



The President's Daily Brief

17 March 1971

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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

The easing of Sino-Soviet tensions since the late 1960s has led to a gradual improvement in economic relations. (Page 1)

Turkey's chief of staff is taking steps to purge dissidents from the armed forces in the hope of defusing a "potentially explosive" situation. (Page 2)

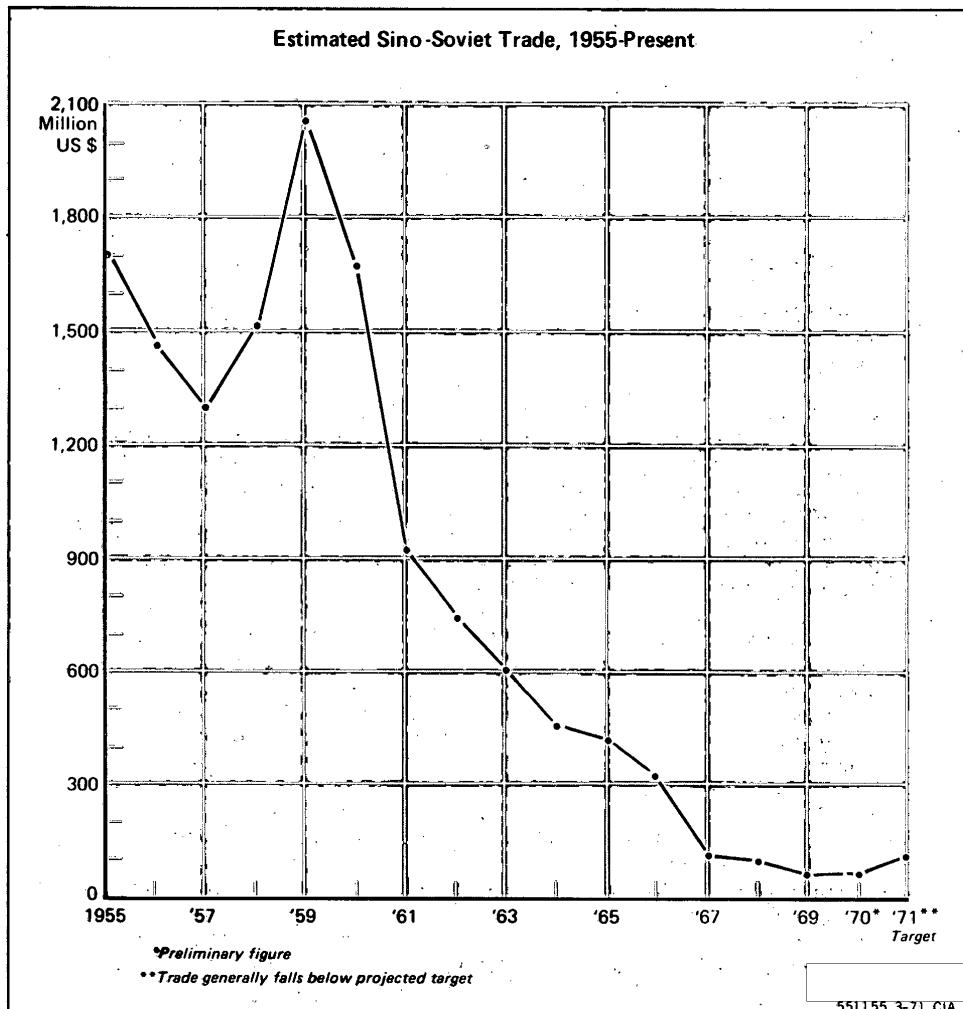
Allende is charging that there is a conspiracy to frustrate the Chilean revolution; his government has also taken over the operation of two large copper mines. (Page 3)

Rumors of impending government change in Argentina are widespread following the rioting in Cordoba. (Page 4)

West German - Czech talks are expected to begin at the end of March. (Page 4)

The government of Ceylon has declared a full state of emergency in the belief that it is the real target of recent anti-US violence. (Page 4)

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USSR - COMMUNIST CHINA

There has been a recent improvement in Sino-Soviet economic relations.

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Sino-Soviet trade plummeted to a low level of around \$55 million in 1969 from a peak of about \$2 billion in 1959. In 1970 trade was even lower, according to Soviet officials. The two countries signed a new trade agreement last November, however, and the volume of trade this year will be twice the levels of 1969 and 1970.

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The relative easing of the intense hostility created by the Cultural Revolution and by border fighting of the late 1960s has enabled Moscow and Peking to move toward a resumption of some of the economic contacts disrupted during that period. The extremely low levels of trade over the past few years have been economically disadvantageous to both countries. As long as both sides fail to resolve their fundamental political differences and view each other as potential military antagonists, however, trade is likely to remain far short of the levels of the early 1960s.

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TURKEY

General Tagmac, the chief of the Turkish General Staff, is apprehensive over what he regards as a "potentially explosive atmosphere pervading the military ranks," [redacted] In [redacted] 50X1 an apparent effort to purge the armed forces of suspected dissident elements, Tagmac yesterday "forcibly retired" five general officers. Also being summarily dismissed are eight or nine colonels and a "larger number" of middle- and junior-grade officers.

It is not surprising, in view of prevailing conditions and the sentiment within the armed forces for a complete military take-over, that such a purge is being conducted. Although the purge increases the danger that some threatened group may attempt a coup in desperation, the widespread military alert should make it easier for the armed forces to quash any such attempt outside the chain of command.

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CHILE

President Allende has charged that an "international and internal conspiracy" exists to frustrate the Chilean revolution. Speaking at a meeting of his own Socialist Party on Sunday, Allende cited, among other things, an alleged sales maneuver designed to drive down copper prices on the world market as evidence that such a plot exists.

Allende and his backers are prone to blame the US and opposition elements within the country for its economic problems, and we expect more such charges as the municipal elections of 4 April draw nearer.

* * *

The Allende government announced yesterday that it has taken over the operation of two large copper mines in which Chile has a majority interest of 51 percent and the US-owned Anaconda Copper Company 49 percent. The grounds cited for the government's intervention were production irregularities.

Production in the mines has fallen below projected levels this year. Labor unrest and inefficiency probably are the cause of the production shortfall, but the government has chosen to blame the US copper companies.

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NOTES

Argentina: Rumors of a government crisis, including the imminent resignation of President Levingston, are widespread in the wake of Monday's rioting in Cordoba, which resulted in two deaths before being brought under control. The rumors appear to have been sparked by high-level military meetings even though Levingston appeared to be speaking for the junta of commanders in chief yesterday in ordering the arrest of top Cordoba labor leaders and in taking control over major provincial unions. Even if antigovernment activity is defused by these tough measures and by the resignation of the unpopular governor of Cordoba, changes in the government and a reappraisal of Levingston's political and economic policies seem likely.

West Germany - Czechoslovakia: Bonn now expects that political talks with the Czechs will begin about 30 March in Prague and will proceed at a slow pace until May or June.

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if the Czechs persist, throughout this opening round, in their demand that West Germany declare the 1938 Munich agreement invalid from the start, Bonn will not permit the Prague talks to move to a more intensive phase. An equally important factor in the cautious West German approach to the talks is Bonn's reluctance to enter full-fledged negotiations with the Czechs until some break occurs in the domestically controversial Berlin talks.

Ceylon: Prime Minister Bandaranaike, clearly worried by the growth of a self-styled "Che Guevarist" movement, has declared a full state of emergency on the island. On Monday she confided to Chargeé Petersen that she believed the recent attack on the US Embassy, and subsequent threats she and others had received, were part of a plan to bring the government down. Yesterday the local press reported that an attempt to kidnap a cabinet minister had been foiled by the police.

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